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7 November 1953

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State Department review completed

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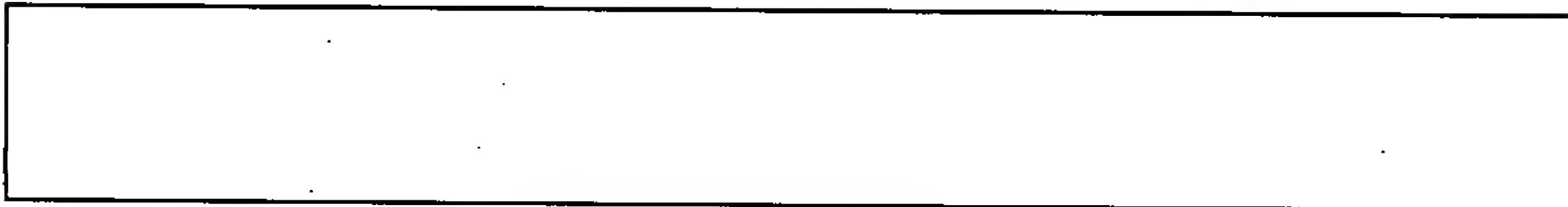
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SUMMARY

GENERAL

- ✓ 1. India reportedly decides against American position on prisoner release (page 3).
2. Soviet note reaffirms position on Korean conference (page 3).



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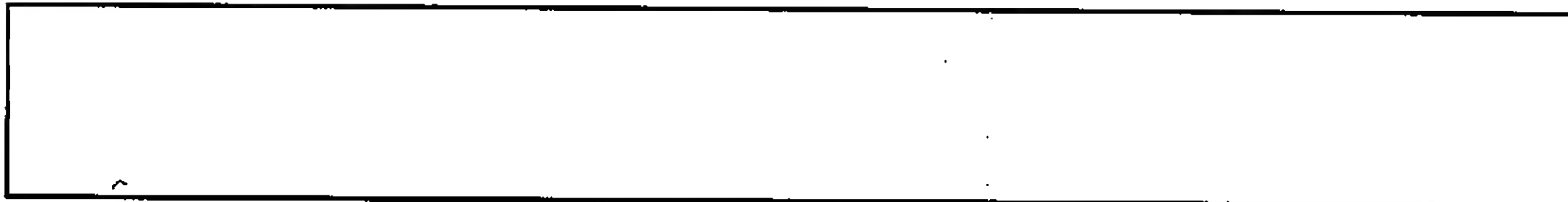
4. Satellite industrial growth declines sharply (page 4).

WESTERN EUROPE

- ✓ 5. Comment on Trieste disorders (page 5).

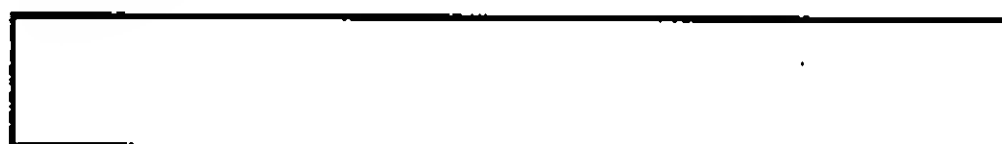
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GENERAL

1. India reportedly decides against American position on prisoner release:

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The Indian government has decided to interpret the Korean armistice agreement as requiring the Neutral Nations Repatriation Commission to hold a full

90-day explanation period and to retain custody of the prisoners until 30 days after the political conference meets. According to the Swiss minister in New Delhi, who conveyed this information, the Indian argument is based on the "humanitarian grounds" that prisoners who desire to be sent to some country other than Formosa or South Korea would be denied that right if the conference did not meet.

Ambassador Allen comments that Nehru may have taken this position to exert pressure on the United States to accept Peiping's terms for holding the conference.

Comment: Since interpretation of the POW agreement rests with the NNRC Commission, India's attitude could result in indefinite confinement of the prisoners. There is no indication that any of them would reject Formosa or South Korea as their final destination.

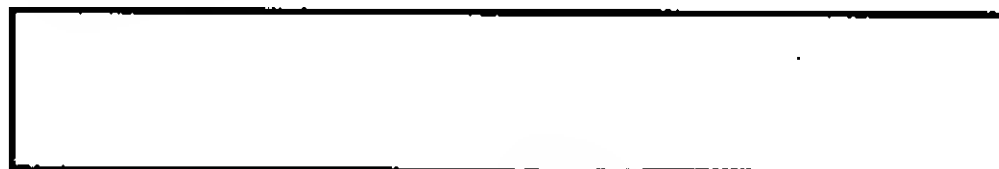
Any attempt to extend the explanation or detention period is likely to provoke violent reactions from the prisoners and from the South Korean government. President Rhee has already said that since India is violating the terms of the armistice, South Korea is free to take any action it desires to protect the prisoners.

2. Soviet note reaffirms position on Korean conference:

The 3 November Soviet note did not essentially change the already defined Communist position on a Korean political conference. It made more explicit Moscow's claim that the West's exclusion of neutral countries "makes the participation of the USSR in the conference impossible."

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The note provided additional evidence that the Communists will persist in their rejection of the United Nations recommendations on the composition of the conference. It strongly suggested a desire to avoid substantive negotiations for a Korean settlement at this time.

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4. Satellite industrial growth declines sharply:

Official reports published by the major Satellites during the last week show that their rate of industrial growth declined sharply this year. In Czechoslovakia, Hungary, Rumania, and East Germany the rate dropped from approximately 24 percent in 1952 to 12 percent in 1953, while in Poland it declined from 21 to 18 percent.

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Heretofore the announced rate of industrial growth of the Satellites has been approximately double that of the USSR. However, the decline in rate of growth and the downward revision of Satellite industrial goals since June indicate that Satellite industrialization is now proceeding at about the same rate as announced for the Soviet Union. The greater availability of consumer goods called for by revised Satellite plans is partly designed to increase the workers' incentives and so to correct the decline in industrial productivity.

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5. Comment on Trieste disorders:

Premier Pella's formal protest to the United States and Britain against the shooting of Italian students in Trieste strongly suggests that his government is interested in keeping the situation stirred up and intends to make political capital of the riots.

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Pella probably considers that his chances of remaining in office will be improved if he can exploit disturbances to force early implementation of the 8 October decision or at least the introduction of Italian police into Zone A.

The riots will certainly result in a hardening of the Yugoslav attitude. Belgrade can now be expected flatly to refuse to attend a five-power conference if Italy receives any additional authority in Zone A prior to or concomitant with a conference. The Yugoslav press has already noted the failure of the Western-controlled police to maintain order, and is emphasizing that further grants of power to Italy in Zone A will create an impossible situation.

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